



**Remarks of
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Thank you for inviting me to be with you tonight. It is a real pleasure to be able to help kick off this year's International Automotive Roundtable. On behalf of President Bush and Secretary of Transportation Norm Mineta, I would like to thank all of you for the hard work that you do and the tremendous contribution that you and your employees make to America's economic well being.

Before I get into the substance of what I came to talk about, I want to share a personal note. I make no apologies for this: Like many of you, I'm sure, I am an unreconstructed "car guy." I've been a car junkie since before I got my first driver's license. In high school I once turned in – as a "term paper" – a scrapbook I had made containing photos I'd clipped from car magazines illustrating the most recent models from GM, Ford, and Chrysler . . . and Nash, Hudson, Packard, and Studebaker. Yes, it was the 1950's. In their two-toned splendor, festooned with heavy chrome, with Jurassic fins and wraparound windshields, these cars were simply beautiful to behold.

That my car scrapbook project was allowed to pass for scholarship at my high school is of course a bit worrisome. But the point I want to make here is that those voluptuous, muscular machines of my youth launched a fascination with cars and car design that, if anything, has grown more intense over the years. I notice every new model that hits the streets, read as many reviews as I can find, and hit the car shows whenever possible.

That hardly makes me unique, especially today. Just look at the breathtaking vehicles you are selling now. Today's car buyers are tempted by an unprecedented array of edgy, courageous, category-busting designs that are taking the "pleasure of the open road," as we used to call it, to an entirely new level. A steady introduction of new on-board technology has not only made driving safer and more efficient than ever before, but also more fun. I want to come back to this subject, but for now I simply want to offer this personal intuition: I think technology not only improves safety and efficiency; I think it sells cars.

Driving our Economy – Together

Back to substance. I know that a dissertation on government policy isn't much of a dessert after a delicious dinner. But I hope you'll bear with me for a few minutes because I want to tell you about aspects of our federal transportation program that have a direct and substantial impact on the long-term health of your business – and some developments that you need to watch carefully.

As Secretary Mineta likes to say, “transportation is the engine that drives our economy.” You know, of course, that the automotive industry represents a very large part of that phenomenon. You don't have to look far to find an automobile dealership, or a manufacturing plant, or an auto repair center. Together these operations employ hundreds of thousands of Americans all across the country. It is estimated that one out of every ten U.S. jobs depends upon new automobile production and sales, and that fully 3.3 percent of America's annual GDP is generated by new light vehicle sales alone. Your industry touches every American and has been essential to our recovery both from the attacks of September 11th and the recession we faced just a short time ago. Today our economy is beginning to show real strength, exemplified by the 8.2 percent GDP growth we experienced in the third quarter of last year, a growth rate we haven't seen in nearly twenty years. Auto production and sales have been a major contributor to that impressive performance.

Last week, during his State of the Union address, President Bush talked a lot about his commitment to a strong economy. He used that address to announce a new *Jobs for the 21st Century* initiative, including \$500 million worth of measures that will better prepare current and future workers by getting them the training and skills they need to find good, well-paying jobs. He also called on Congress to make the tax cuts enacted over the past three years permanent in order to put more money where it belongs – in the hands of U.S. consumers. Coupled with recent efforts to support our Nation's critical manufacturing sector and pursue trade liberalization initiatives, those proposals represent concrete action by this Administration to move our economy forward.

Surface Transportation Reauthorization

At the Department of Transportation, our job is to do whatever we can to provide a safe, secure, and efficient transportation system. In keeping with that commitment, we spent much of the last year assembling a comprehensive proposal to reauthorize the Nation's highway, transit and highway safety programs – called the Safe, Accountable, Flexible, and Efficient Transportation Equity Act, or SAFETEA. SAFETEA would provide the largest investment ever in highway and transit programs -- \$247 billion over six years.¹

¹ The President's Budget for Fiscal Year 2005, announced on February 2, 2004, increased this sum to \$256 billion.

It's difficult to appreciate the importance of that number unless you know that each \$1 billion we invest in our transportation infrastructure supports 47,000 new jobs. Not many federal expenditures generate that level of economic activity.

We wrote SAFETEA because the legislation that had supported our highway and transit programs over the last six years was due to expire September 30 of last year and needed to be replaced. Unfortunately, as critical as that legislation is to America's economic health, Congress did not enact it. Instead, they extended the old legislation through the end of February, meaning that these essential programs are currently living on borrowed time. Needless to say, it is very important that Congress act now to reauthorize these essential programs before they expire, thereby helping to grow capacity on our highways, facilitating more efficient transportation of people and goods, creating new jobs, and keeping our economy moving.

While much of the debate in Congress has focused on the funding levels that will be included in the new bill, the bill is about a lot more than money. SAFETEA contains a host of substantive proposals designed to improve safety and expand the capacity of our transportation system in important ways.

Safety

As I'm sure you know, we lose nearly 43,000 lives on our highways each and every year, at an annual cost to our economy of over \$230 billion. President Bush and Secretary Mineta both feel strongly that these numbers are simply unacceptable. They have pledged to do all they can to reduce injuries and fatalities on our Nation's highways. With SAFETEA, we have put our money where our mouth is. The Administration's proposal calls for a *doubling* of funding for highway safety programs over the levels in the previous six-year act. It would also grant additional funds to states when they either enact a primary safety belt law – a “click-it-or-ticket” program -- or achieve 90 percent safety belt usage by any other means. Because studies have conclusively shown that primary safety belt laws are the most effective way to increase belt usage and save lives, Secretary Mineta felt that we needed to include in our bill a new and more powerful financial incentive to encourage the passage of such laws in the states that don't already have them. He is grateful for all that the National Automobile Dealers Association has done to support the enactment of primary safety belt laws and hopes we can all celebrate further successes in the months ahead.

Congestion

Congestion on our Nation's highways is another challenge that we need to address more effectively. You don't need any lecture from me about the impact of inadequate infrastructure on your industry: If we don't continue to grow the capacity and improve the efficiency of our transportation system, you will have greater difficulty in growing your business.

The Texas Transportation Institute has estimated that in 2001 congestion cost our economy nearly \$70 billion, a 7 percent increase over the prior year. Our economy and your businesses depend upon efficient transportation, and so we are working hard to identify ways to alleviate that congestion. While expanding the raw capacity of the highway system is certainly one tool we will use, we also have to look at other creative options.

For that reason, SAFETEA contains a number of proposals that would provide our federal, state and local governments with a wide range of new tools to tackle congestion. For example, we would dedicate over \$150 million to improve the roads that connect our highway system to ports or rail yards. These so-called “intermodal connectors” carry large quantities of freight but are often poorly maintained, creating serious bottlenecks in the movement of freight, and thereby impeding the efficiency of our economy. We would also create innovative financing tools, including a change in the tax code to provide up to \$15 billion in tax-exempt private activity bonds to bring private investment into our highway system on a large scale for the first time. States would also be granted more flexibility in assessing tolls as long as they can show that they are tackling specific congestion problems or air quality issues and the proceeds are being reinvested in infrastructure projects. Finally, by improving the efficiency of the environmental review process, we can avoid unnecessary delays and deliver on long-awaited projects in a far more timely fashion.

It is absolutely certain that, left unchecked, increasing congestion, both on our highways and in the air, will become a serious drag on our economy and, more specifically, on the future of the automotive industry. Congress can help us avoid that outcome by acting decisively within the next few weeks.

Technology Development and Deployment

I said I wanted to come back to the subject of technology. The Department of Transportation, I know, is often perceived as primarily a public works agency – mainly involved in financing transportation infrastructure. But our work is about more than just building roads and constructing airports. It is also about researching and helping to develop the astonishing array of technologies that are revolutionizing transportation today.

Your industry exemplifies this trend. Automobiles are becoming more sophisticated each year. We are excited about the benefits that these smarter cars are delivering to the American people. That is why we are working so hard to ensure that more of these technologies become a reality for consumers as quickly and economically as possible.

We are placing great emphasis, for example, on the upgrading of our GPS system, the foundation for today’s vehicle navigation and location systems. DOT is working with the Administration right now to ensure that the value of the GPS system to the transportation sector increases over time.

We are also focusing a lot of attention on the way in which the government manages radio spectrum, that precious commodity that facilitates the delivery of so many breakthroughs in automotive technology. Just last month for example, after several years of work by DOT and others, the Federal Communications Commission announced that it would dedicate a band of spectrum -- 5.9 gigahertz -- for use by Digital Short Range Communications devices.

If you aren't yet familiar with the initials "DSRC," you soon will be. DSRC devices promise huge new benefits in safety and efficiency on our highway system. The technology will allow vehicles to communicate both with each other and with the roadway in a much more intelligent way, supporting new collision avoidance systems, signal warnings at intersections, and traffic signal preemption for emergency vehicles. Many of these technologies are already being developed through the Intelligent Vehicle Initiative, a public-private partnership in which DOT and automakers are collaborating to develop advanced safety technologies for crash prevention. Saving lives is our top priority, and while changing driver behavior is important, DSRC technologies can make that job a whole lot easier.

In addition to the important safety benefits of DSRC technology, its roadside sensors can also be used to provide information to drivers about things like traffic congestion, weather changes and road conditions. Eventually, those GPS navigation screens that more and more drivers have in front of them will deliver real-time congestion information right on the map, and in real time. DSRC can also help encourage standardization among the varying toll collection technologies already in use throughout the country. In sum, technological change is delivering tremendous benefits throughout our transportation system, and there is much more to come in the years ahead.

And don't forget: technology sells cars.

Long Term Deliverables

Before I conclude, I want to talk about some of the things we are doing that may not have an immediate impact but are likely to pay huge dividends in the longer term. These include support for the President's hydrogen initiative and efforts to secure international harmonization of auto standards.

Last year at this time President Bush launched a \$1.2 billion initiative designed to begin moving us toward his vision for a hydrogen economy. Because continued reliance on fossil fuels will surely become a drain on our future economic growth, he called for a new national commitment to developing hydrogen as a power source.

It is our hope that, by working closely with our industry partners, we can develop a marketable technology by about 2015 and achieve widespread commercial availability by the year 2020. To help accomplish these goals, the Department of Transportation will

conduct research to help develop new safety standards for both vehicles and fuel distribution systems. The basis for our work, of course, will be the ground-breaking advances auto manufacturers are already making in developing hydrogen fuel cells to power the vehicles of the future.

Since we live in a global economy, however, we cannot undertake this transition to a hydrogen economy alone. We must work closely with our trading partners in Europe, Asia and elsewhere to facilitate a common approach to the vehicles of the future. That is why our National Highway Traffic Safety Administration is co-leading efforts to develop global regulations for hydrogen motor vehicles under the auspices of the United Nations' World Forum for the Harmonization of Vehicle Regulations – more commonly known as Working Party 29. We are also working closely with the Departments of Energy and State to engage other countries through the recently created International Partnership for a Hydrogen Economy.

Our work in the international arena extends to safety regulation as well. Secretary Mineta and NHTSA Administrator Jeff Runge have made the global harmonization of vehicle safety standards a major priority. They view it as a classic case of taking the best practices of one country or region and using them as the basis for a global standard, improving safety by spreading creative regulatory approaches around the world while reducing costs to both governments and industry. Through our efforts in Working Party 29, we are making real progress in harmonizing research activities and developing internationally consistent technical regulations. NHTSA has already taken the lead in several areas, such as door locks and door retention systems, child restraints and head restraints. They are doing their utmost to spread the safety improvements we have made here in the United States to drivers all across the globe. I don't have to explain the important economies that will flow from internationally consistent standards. Harmonization will lower the cost of production, facilitating lower vehicle prices and higher margins.

We will have a better chance of accomplishing all of this, of course, if we have the support of both Congress and the automotive industry. That is why we have included a provision in our SAFETEA legislation that would provide express authority for the Department to pursue these international objectives. The industry must also do its part if we are to convince our trading partners of the benefits of harmonization, and we look forward to continuing our work with you in that regard.

Finally, I mentioned earlier that we lose far too many lives on our highways each year. This challenge exists not only here but in other countries as well. Traffic deaths have become so serious a problem worldwide, in fact, that the World Health Organization has decided to make traffic safety the focus of World Health Day this spring, sponsoring events around the world designed to raise awareness of the problem. Secretary Mineta will lead the U.S. delegation to these WHO events, and we are hopeful that this new focus on traffic safety is a sign of much more to come.

Conclusion

Once again, thank you for allowing me to share these thoughts with you tonight. It has been a privilege to be able to furnish at least a snapshot of the Bush Administration's vision for transportation, both now and in the future.

Please accept my heartfelt wishes for a very successful conference.

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